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**Democratization and Class Politics in Korea,
1987 - 1993**

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Introduction

Although democratic transitions seem to be an irreversible trend in the late 20th century, the processes and outcomes of these transitions are not uniform and simple. The global expansion of democracy since the 1970s, termed "the Third Wave" by Huntington(1992), does not easily allow us to establish explanatory models of democratization (Lawson, 1993; Shin, 1994; Lipset, 1994).

Democratization in the state socialist countries of Eastern Europe was generated by the economic breakdown that weakened the governability and ideological legitimacy of the Leninist regimes.¹ Political democratization in these countries has been considered equivalent to economic reconstruction. Thus, the transitions in Eastern Europe were 'double transitions', to use Centeno's term(1994), which refers to both democratization of politics and the far-reaching marketization of the whole economy. In contrast, democratization in East Asian countries took place at a time of economic success. Besides the people's militant struggles for democracy, economic development in Korea and Taiwan resulted in the rise of people's expectation with respect to political freedom and civil rights. Democratization in Korea means introduction of free and fair elections and liberalization of authoritarian regimes, both primarily confined to the political realm.

The process of democratization in Korea reveals two distinctive features. First, neither bourgeoisie nor proletariat played a key role in mobilizing democratic opposition or in participating in opposition movements. Contrary to the role of the bourgeoisie in Western Europe at the early stage of industrialization², the bourgeoisie in Korea did not oppose the authoritarian rule as far as its economic interests were guaranteed. Rather the Korean bourgeoisie acted as junior partners of the regime, providing political funds to the ruling bloc and carrying out the state's economic policy. Unlike the European proletariat's struggle against restricted bourgeois democracy, the Korean proletariat was no major actor in struggles against the authoritarian regime.³ Instead the major players were social groups and organizations of 'civil society' including university students, church leaders, progressive intellectuals and political opposition groups,

¹ Economic breakdown in Eastern Europe itself was the result of overdetermination of complex factors. For a subtle and balanced explanatory model for the collapse of East European state socialism, see Szelenyi and Szelenyi(1994).

² Moore (1967) showed that modern industrial democracy was not possible without the commercial and industrial bourgeoisie in England, France, and the United States. His famous proposition, no bourgeoisie, no democracy, emphasized the role of the bourgeoisie in the development of democracy.

³ Therborn(1877) and Rueschemeyer, Stephens, and Stephens(1992) describe the role of the proletariat in political democratization in Europe. They argue in the relative class power model that the working class played a decisive role in expanding political participation beyond the dominant class and the relative size and the destiny of organization of the working class are of critical importance for the advance of democracy.

whose members were principally ex-student activists.⁴ Political opposition based in the civil sector successfully initiated challenges to the authoritarian rule and finally succeeded in suspending it in 1987.

Second, the ruling bloc could maintain hegemonic power during the democratic transition period. As political opposition to the authoritarian state became stronger, soft-liners in the ruling bloc, who were aware that continuity was impossible but rupture was dangerous, opted 'the controlled reform', declaring democratic reform in 29th June, 1987. Although the opposition forces radically challenged the ideology and order of the authoritarian rule, the ruling bloc maintained its control over the processes of democratization and could secure its privileges. Once political negotiation began within the institutional realm, institutional politics among political parties replaced the street mobilization by social groups. The social and political forces that challenged the authoritarian regime lost their impetus as political mobilizers because of lack of political leverage within the existing political parties. Opposition forces failed to overcome political exclusion under the controlled transition to democracy.

Instead of social forces of the civil society, capitalist and proletariat in the economic sector began to play a major role in shaping the nature of economic reform and political change after the demise of the authoritarian rule. Firstly, Korean workers, the most oppressed class during the authoritarian regime, used the newly opened political opportunity to express their political discontents and economic demands with explosive strikes and demonstrations in the 'hot summer' of 1987. Also capitalists, the most vulnerable social force due to its collaboration with the dictatorship for more than two decades, desperately exercised an effective economic weapon to respond to workers' challenges and impede the state's economic reform. Workers who suffered from state repression seized the factories and demonstrated their deep-rooted anger towards capitalists. Democratic transition generated a new area of contestation for social classes. Nevertheless, the capitalist class could effectively exercise its structural power to resist workers' protest and state's reform. In contrast, the massive strikes organized by workers in 1987 failed to transform the repressive labour laws restricting workers' rights and institute independent political organizations. Because of the political exclusion of labour from national politics, workers could not significantly affect the political processes of democratization. Thus, the Korean transition to democracy ended up with a neo-authoritarian democracy without significantly enhancing workers' rights.

This paper analyses the dynamics of Korean democratization and the outcomes of the transition. Specifically it focuses on class politics which shaped the content of the democratization

⁴ The civil society here refers to the residual sphere of society which belongs to neither politics nor production relations. This includes the sphere of communication and organizational fields which might be relatively autonomous from the state and the economy. However, the degree of autonomy of civil society from the state and market is a variable rather than a constant.

during the first period, Roh Tae Woo's rule and the second period of democratization, Kim Yong Sam's rule. Next part deals with the unique feature of Korean economic development and class structuration. The third part explains the effect of two parliament elections in 1988 and 1993 on political democratization. Although Roh Tae Woo won the 1987 presidential election, the ruling party failed to gain majority votes in the 1988 parliament election. The restructuring of the party system, with an alliance between the ruling minority party and two other small opposition parties, dramatically altered the process of democratization. The fourth part explores the dynamics of class actions during the economic reforms launched by Kim Young Sam's government during the first year of rule in 1993. The capitalist class successfully exercised its power to resist Kim's reform policy and succeeded in establishing hegemonic power in an even more hostile political climate than before, mobilizing the structural power of capital. Consequently capitalist power became more stable and legitimate than ever before. Finally I will discuss the nature of the Korean transition to democracy and democracy in Korea which is delegative in its form and conservative in its content.

Authoritarian Capitalism: Yes to Bourgeoisie, No to Democracy

One of the common features of the late industrialized countries is the central role of the state in creating an industrial economy (Gerschenkron, 1962; Weiss and Hobson, 1995). In Korea, 'the economic miracle' was the product of the state's active intervention in the economy. This was similar to the Leninist regime in Russia rather than resembling the Keynesian regime in America and Europe.⁵ During the first stage of industrialization in the early 1960s, the military regime, which seized power through a military coup in 1961, initiated and planned the economic development to establish legitimacy of its rule. The military junta launched since 1962 a series of Five-Year-Economic Plans which aimed at restructuring the Korean economy. The state mobilized national resources for economic development by controlling the private sector and credits. This type of state is sometimes called 'developmental state' (Johnson, 1987) or 'the bureaucratic-authoritarian industrializing regime' (Cumings, 1987: 71).

The military regime focused on developing the economic agencies to carry out the state's economic plans. In contrast with the KMT state in Taiwan, it assigned to the big capitalists the role of being the primary actors in economic growth.⁶ It selected strategic industries and firms, and

⁵ Although the authoritarian regime in Korea could not get rid of the opposition parties as those in Eastern Europe, it controlled the firms' activities such as new investments and foreign trade through the centralized bank system.

⁶ For a brief discussion of Taiwanese growth strategy, see Ho(1979).

provided them financial support, protection such as tax exemptions, custom rebates, access to foreign exchange, financial subsidies, low interest credit and tariff protection (Steers et al, 1989: 27-28; Amsden, 1989: ch. 5; Wade, 1990: ch.4; Wade, 1993). Enterprises favoured by the state could easily expand their scale of production and became large business conglomerates, called Chaebols. Authoritarian industrial capitalism has been formed as the Korean bourgeoisie rapidly grew as a junior partner of the military regime during the 1970s and the 1980s.

In a historical perspective authoritarian rule was possible simply because of the lack of the counterbalancing social forces in Korean civil society. The overdeveloped state in Korea could exercise almost unlimited power to subordinate the working classes and political opponents after the Korean War.⁷ During the conflict, radical workers and peasants were uprooted from the Southern part of the Korean peninsula. The local bourgeoisie, which barely survived during the colonial period and the Korean war, was weak and small in number. Unlike Latin American countries, the landlords almost disappeared due to land reform carried out by the North Korean army during the Korean War and by Syngman Rhee's government after the war.⁸ 1961, the military empowered by the Cold War easily replaced the unstable civilian government that was established right after the student struggle for democratization in 1960. The military regime began to mobilize national resources to initiate industrial development. Economic growth became a self-identified political goal of the military junta to justify its coup d'etat.

The military regime wielded unlimited power to mobilize national resources and promote economic growth. It pursued ISI (import substitution industrialization) in the 1960s and EOI (export-oriented industrialization) in the 1970s.⁹ Unlike the Kuomintang regime in Taiwan, the Korean military regime chose an economic growth strategy which was heavily dependent upon the creation of a big indigenous capitalist class.¹⁰

In order to control possible workers' resistance, the authoritarian regime chose the oppressive-exclusionary labour policy (OELP) during the last three decades. The OELP strategy is characterized by two objectives. First, the state aims to disorganize workers and repress existing labour organizations. The state's permission was required for workers to form unions. It was

⁷ Alavi (1972) characterized the post-colonial states in the third world as overdeveloped states. These refer to the relatively modernized state apparatus such as administrative and military organizations, compared to the civil society. Structural imbalance between state and society due to colonial rule increased the probability of having an authoritarian regime in Third world countries.

⁸ For a discussion on the landlords in East Asia and Latin American from a comparative perspective, see Evans (1987:214-215).

⁹ It does not mean that the state totally gave up the ISI. Rather the state has consistently pursued import substitution of technology and intermediate goods, as we saw in Korea's automobile industry (Green, 1992).

¹⁰ Because the KMT state were aware of the political consequence of economic inequality in mainland China, it tried to restrict the growth of big enterprises and pursued relatively even development between rural and urban areas. See Shin (1990).

intended to prevent 'independent union movements'. Workers did not have full freedom of association and the existing organized unions have been tightly controlled by the state. Second, it is supposed to impose strict legal restrictions on the already organized unions. The legal restrictions comply enterprise unionism, prohibition of unions' political activity and third party intervention in union matters etc. Contrary to corporatist labour policy of state corporatism in Mexico and Taiwan, characterized by organization and control of workers, the Korean state tried to 'disorganize and control' workers.¹¹

The Korean bourgeoisie, the most privileged social class under authoritarian capitalism, has been a strong supporter of former ex-military political leaders. Born of and reared by the authoritarian regime they did not want political democracy which might have endangered their economic position. Economic development in Korea has been accomplished by the anti-democratic coalition between state and bourgeoisie. "Conservative modernization", to use Moore's term was possible by the revolution from above (Moore, 1968:440). We might denote this type of authoritarian capitalism as labor-repressive industrial systems.

Opposition to the authoritarian regime mainly came from three different social forces: the working class, social groups in civil society, and political parties. Female workers among the working class were the most exploited workers in light industry in the 1970s. Light industry such as textile, clothing, and shoes was the leading sector of economic growth generating surplus in foreign trade in the 1970s. Due to the state's cheap wage policy and intensive labour exploitation, female workers in light industry were the victims of economic growth and they began to protest against maltreatment by managers and state oppression in the late 1970s.¹²

In the 1980s, heavy industry became a leading sector for economic growth and male workers in this industry began to express their discontent. The state's economic policy in the mid-1970s focused on promoting heavy industry, creating a massive industrial complex and providing subsidies to the firms affiliated with the major Chaebols in Korea. Male workers in heavy industry

¹¹ The labor strategy of state corporatism is to 'organize and control'. The state organized strategic workers in strategic industries and control them through hierarchal organizations. There is a reciprocity between the state and the organized workers. The state provide welfare benefits to the organized workers and protection of unionized workers and the unions cooperate with the state as junior partners. We can call this type of union as 'state-sponsored union'.

¹² Major strikes in the 1970s were led by female workers in the light industry. Especially female workers' strike in YH Trading Co. in October 1979 contributed to the collapse of the military regime of Park Jung Hee. Female workers protesting against unpaid wages occupied the opposition party building to avoid a possible attack from riot police in early October 1979. Nevertheless, the riot police stormed the opposition party building and one female worker was killed during the police's operation. It provoked massive protests and the political crisis of the military regime, which ended up with assassination of Park Jung Hee by the director of the KCIA on October 26, 1979. For more details about this event, see Bideski(1994).

suffered from long working hours with low wages and high labour intensity.¹³ Protest and resistance against oppression were militant and disruptive even under the harsh oppression by the military regime. Although workers' protests were potentially damaging to the legitimacy of the authoritarian regime, they were mainly confined to economic issues at the enterprise level.

Social groups in the civil sector comprised of university students, church leaders, progressive intellectuals, writers, and political activists were the core actors mobilizing opposition against the military regime. They played a more significant and influential role than workers in the democratic transition by cognitive mobilization and networking opposition groups. These groups elaborated anti-authoritarian public discourse and disseminated them to mobilize people's support for the democratic movement in the 1980s. Although economic conditions during the Fifth Republic were much better than before, the authoritarian regime failed to exercise hegemonic power in repressing political oppositions due to ever escalating student demonstrations. The regime tried to mobilize 'anticommunist ideology' and 'the threat from North Korea' which was the panacea to nullify political opposition before. But this time they were not effective in counteracting nationwide political protests against the military regime. Thus, it could solely rely on physical forces to suppress political opposition and mass street demonstrations.¹⁴ The street battles between students and riot police became ordinary phenomena in the major cities in Korea. Opposition groups succeeded in forming nationwide popular coalitions such as the National University Student Association in 1985. And opposition groups also succeeded in building the National People's Coalition in 1986. They mobilized more than five million people to participate in street protests against the authoritarian regime in the Spring of 1987.

Finally opposition parties played an instrumental role in the initial phase of democratic transition and a key role in the later phase of electoral competition. Opposition leaders could symbolically represent the opposition movement. Arrests and containment of political leaders by the authoritarian regime could only temporarily curtail democratic demands, instead it gradually

¹³ The working hours per year in 1975 were 2,626 in Korea, 2,517 in Singapore, 2,642 in Taiwan, 2,043 in Japan, 1,830 in France, 1,888 in America, and 1,678 in Germany. They increased in the 1980s, while they decreased in the other developing and developed countries, except America. For example, the working hours in 1985 years were 2,798 in Korea, 2,444 in Singapore, 2,465 in Taiwan, 2,168 in Japan, 1,643 in France, 1,924 in America, and 1,659 in Germany. The working hours per year in Korea did not decrease much even in 1990. They were 2,590 in 1990, which is almost 1,000 hours longer than German workers with 1,598 working hours per year (Korean Labor Institute, 1992: 102).

¹⁴ Radicalization of the student movements had two directions. One was nationalism (national liberation, NL) which was indirectly influenced by the North Korean self-reliance ideology. Student groups in this line attacked U.S cultural centers and embassy in Korea, showing strong anti-Americanism and anti-militarism. The other was Marxist-Leninism (people's democracy, PD) which emphasized the role of the working class in revolutions. Thousands of students following this line stopped studying in the universities and went into the factories to mobilize and unionize workers. The two movement organizations had continued ideological battles since 1983. The continuous street battles between the military regime and students contributed to the gradual radicalization of student movements in Korea.

radicalized the opposition. However, opposition political parties could not orchestrate the movements because these parties ideologically kept a distance from the radicalized social groups, mainly student movement organizations and unification movement organizations, some of which began to deny the existing economic as well as political order.

Facing rising challenges against military rule, hard-liners within the authoritarian regime chose to postpone democratic reform. They cancelled the negotiations of constitutional change between the ruling party and opposition parties in the National Assembly. President Chun Doo Hwan declared the maintenance of the old constitution 13 April 1987, which allowed him to choose a successor by an indirect presidential election system. It provoked a massive street demonstration in 30 cities throughout the country, which literally nullified the police power. As the challenges against the regime escalated, soft-liners, faced with the danger of rupture, desired a controlled reform. The soft-liners within the regime also considered another constraint namely the Olympic games in 1988 which might be cancelled if the street battles between students and the regime escalated further or if martial law would be declared (Johnson, 1989: 74-75).

The "controlled reform" is a remaining option for the military regime under the condition that regime continuity is impossible and rupture is inevitable.¹⁵ Mainwaring(1992) defined this type of reform as a "transition through transaction", which refers to a transition without a breakdown of the rules of the old regime. Soft-liners conceded the democratic reform which included constitutional change and free election to maintain their power.

The crisis of the authoritarian regime was a product of concerted action between social forces and political parties. Although there were ideological disputes within opposition groups, conjunctural events, the torture to death of university students by security agency and riot police, unified them to defeat the authoritarian regime in June 1987.¹⁶ Lies, repression and economic success - three bases of authoritarian equilibrium suggested by Przeworski - no longer guaranteed the regime stability.¹⁷ Finally Chun Doo Hwan surrendered to the people's power displayed by massive participation in anti-authoritarian demonstrations on 10 June, 1987.

¹⁵ It does not mean that the option was determined under the conditions that I mentioned. It was an outcome of oppression by the regime and resistances by oppositions. The outcome was indeterminate and varied according to the balance of power, which is also an outcome of struggles.

¹⁶ Park Jongchul, a student of Seoul National University, was tortured to death by a security agency in Seoul in January 1987 and Lee Hanyeol, a student of Yonsei University, was battered to death by riot police in front of the Yonsei University in June 1987. These two events evoked massive popular protest against the military regime in 1987, revealing the atrocity of the military rule.

¹⁷ Przeworski(1991: 58-59) argues that authoritarian regimes can maintain political stability by ideological manipulation as in Ceausescu's Romania or political repression as in post-Stalinist Poland or economic success as in Hungary under Kadar.

Elections, Party Politics and Democratic Transition

On 12 October, 1987 for the first time in Korean history, a constitutional change was achieved by agreement. Although right and left extremists denied the agreement, it drastically changed the rules of the game in Korean political development. It heralded the transition from protest politics on the street to competitive electoral politics.

Free elections were the effect of democratic struggles and in turn contributed to further political liberalization. Subsequent elections could play important roles in the dynamic process of democratization even under the distorted representation system.¹⁸ In the following presidential election in 1987 and legislative election in 1988, however, pro-democratic forces were only partially successful in making the democratization process stable and guaranteed. The presidential election in 1987 was the battle field between democratic social blocs and authoritarian power blocs. In spite of the high chance of the regime change, however, opposition candidates failed to get a majority vote due to the split of opposition votes between Kim Dae Jung and Kim Young Sam.¹⁹ Because two prominent opposition leaders failed to make an unified candidate for presidency, Roh Tae Woo, ex-military general and the follower of Chun Doo Hwan, won the presidential elections with only 37.2% of the votes. The split between presidential candidates within opposition blocs and the dismal outcome of the election betrayed the people's strong expectation of the breakdown of the authoritarian regime. The defeat of the democratic candidates resulted in an internal strife within the democratic blocs.

In Korea, National Assembly elections have been channels for expression of political protest. Voting was a passive but safe method for individual protest without cost under the harsh authoritarian regime. While participation in street demonstration under the military regime was a risky act for ordinary people, secret voting in the booth is a safe and legal way to show political discontent. Parliamentary election in February 1985 had been a watershed of political transition in Korea, revealing that the authoritarian regime realistically feared a possible regime collapse. It was the first time for opposition parties to receive more than half of the votes. The ruling Democratic Justice Party (DJP) could not occupy majority seats by the direct local election. Nevertheless, the ruling party had barely maintained a majority in the National Assembly with the help of the national representational system.

¹⁸ In 1980s, the parliamentary election system had a dual representation system. One is local representation in which voters directly choose a candidate. Another one is national representation in which 100 seats were partitioned among the parties. Regardless of the proportion of votes, the party receiving the largest votes occupied half of the total seats. Thus the ruling party could maintain parliamentary majority easily. Therefore, opposition parties continuously tried to reduce the total number of seats distributed by the national representation system.

¹⁹ Opinion polls done later showed that any unified opposition candidate could defeat Roh Tae Woo. The only thing necessary for the regime change at that time was to unify opposition candidates.

After the change of the electoral system, which reduced the number of seats by representatives, the ruling party became a minority party in the National Assembly. As the number of seats by party representatives was reduced, opposition parties sharply increased their seats in the local election in 1988, gaining almost two thirds of the total number of seats. For the first time in the Korean election history, the ruling party failed to obtain a majority in the National Assembly. Consequently the opposition parties controlled the National Assembly, while the president of the ruling party controlled the government. Even though it was not the best political condition for the democratic transition, it reinforced democratic forces making it possible for them to act more forcefully.

Table 1: National Congress Election outcomes in Korea, 1985-1992

Date	DJP	DLP	NKDP	DKP	KPP	PPD	RDP	NDRP	DP	UPP	Others
3 25. 1981	90* (61)			57 (24)	18 (7)						19
2 12. 1985	87 (61)		50 (17)	26 (9)	15 (5)						6
4 6. 1988	87 (38)					54 (16)	46 (13)	27 (8)			10
4 23. 1992	116 (33)								75 (22)	24 (7)	21

Note: * refers to the total number of seats by direct election.

Numbers in parenthesis refer to the number of seats according to the proportional representation scheme.

DJP: Democratic Justice Party (1981-1991)

DLP: Democratic Liberal Party, Merge of DJP, UPP and NDRP (1991 -)

NKDP: New Korea Democratic Party (1981-1985)

DKP: Democratic Korea Party (1981-1985)

KPP: Korea People's Party (1981-1985)

PPD: Party for Peace and Democracy (1987 - 1992)

RDP: Reunification Democratic Party (1987 - 1991)

NDRP: National Democratic Republican Party (1987 -1991)

DP: Democratic Party (1992 -)

UPP: Unification People's Party (1991- 1993)

Source: The 14th Parliamentary Data Book, Chosun Ilbosa, 1992.

However, in January 1991 an unexpected party merger suddenly changed the nature of transition politics in Korea.²⁰ Three parties - the Democratic Justice Party(DJP), the Reunification Democratic Party(RDP), and the New Korea Democratic Party(NDRP) - agreed to form a new party, the Democratic Liberal Party(DLP). The DJP needed a majority status to recover political stability. Kim Young Sam, the opposition leader of the second opposition party , RDP, chose to

²⁰ See Kim (1995) for an explanation of the party merger by three parties in 1990.

join the DLP in order to increase a chance of becoming a president. The RDP as the third largest party had been marginalized in the subsequent local elections and worried about being the permanent third party. It agreed to join the party merger. The NDRP organized by the former prime minister of the Third Republic, Kim Jong Phil, was a conservative party with old members of the Republican party in the Third Republic. Because NDRP was a small conservative party, it lost nothing by joining the new coalition. Suddenly the Party for Peace and Democracy(PPD) became the only opposition party. Right after the party merger, the new ruling majority party and the government initiated the oppression of the leftist groups and labor unions.

Democratic Reform and Class Politics

Class Politics are not well developed in Korea before 1987. Due to the oppression of leftist ideology and organizations, socialist parties were not officially allowed in Korean politics under the authoritarian rule. Ideological constraints by the regime contributed to the development of the disjuncture between institutional politics and social cleavages. The authoritarian regime did not give workers full democratic rights, oppressing independent and leftist unions and political organizations. Organized workers have not been allowed to engage in national politics by the Labour Relations Law.²¹ Any political party trying to represent workers has been repressed by the regime as insurgency organizations.

Because the state oppressed the organization of workers, the latter could not play an active role in the breaking down of the dictatorial regime. But they could utilize the transition politics to express their anger against the authoritarian regime and the capitalists. As democratic transition appeared to be inevitable, working class struggles became a major force of newly emerging social conflicts replacing the democratic struggle from 1987 to 1989.²² Workers in the workplace took over the role of the militant students on the street and campus. Strikes in large scale enterprises exploded in the growth industries of the economy such as shipbuilding, steel, electronic, machine tool, and automobile industries. The number of strikes in 1987 was fifteen times larger than that in 1986 and even larger than the total number of strikes during the whole industrialization period.

²¹ The Labor Union Law, which was the core of the Labour Relations Law and was revised by the military junta in 1981, imposed enterprise unionism and prohibited third party intervention in union activities and union participation in political actions too, including the donation of union fund to the political parties.

²² The number of strikes peaked in 1987 with 3749. Then it diminished continuously after 1987. The number of strikes was 1873 in 1988 and 1616 in 1989. Then it went down to the previous level by 322 in 1990 (Korea Labor Institute, 1990: 87).

There was also an organizational revolution of unions. More than 5,000 new unions were established by workers between 1987 and 1989, the number of unions increasing by three times from 2,658 in 1986 to 7,883 in 1989 (Korea Labour Institute, 1990: 146). Newly established unions were almost all independent unions which were not affiliated to the Nochong (Korean Federation of Trade Unions), which has been sponsored and controlled by the regime. In 1990 the labour activists and some independent unions were integrated into Chunnohyup (National Labour Union Association), which began to act as an alternative federation of unions.²³

However, workers' strikes did not directly aim at the regime but at capitalists at the level of the enterprises. The capitalists could not get the same support from the state as before, since the legitimacy of the state itself was challenged by the democratic social forces. They had to develop their own strategies against workers. In fact, it proved that capitalist's power does not lie in politics but in their ownership of productive assets. Korean capitalists chose two strategies: divestment and anti-union actions. They began to divert capital investment into Third World countries and the South-East Asian region. Korean foreign direct investment dramatically increased from 190 million dollars in 1987 to 820 million dollars in 1990 (UN 1992: 24).

Korean capitalists, accustomed to a repressive labour system, resisted workers' demands and tried to destroy union organizations by dismissing leaders or by establishing second unions. The Chaebols organized the National Council of Economic Association (NCEA) to concert their actions as a response to the militant labour movement in 1989. The NCEA coordinated individual capitalist reactions by establishing a lockout fund. However, decentralized bargaining at the enterprise level made the concerted actions ineffective. On the other hand, individual capitalists also changed managerial strategies to respond to workers' militancy by reinforcing the firm's Personnel Department and increasing workers' welfare (Park and Cho, 1989).

After the party merger in 1990, however, the authoritarian regime began to apply more sophisticated measures to control the militant workers. A special committee with five ministers was formed to deal with the workers' movements.²⁴ Based on the information collected by the KCIA, the committee decided the proper strategies to destroy the strike waves. The regime attempted to curtail labour dispute in three ways.

First, it provided financial support to the enterprises experiencing financial hardships due to strikes.²⁵

²³ The National Trade Union Association used the name of association instead of federation, since the Labor Union Law did not allow plural unionism. If it had used the name of confederation, then there would have been two confederations, which was prohibited by the law.

²⁴ The committee consisted of the ministers of Labor, Internal Affairs, Commerce and Industry, Law, and the Korean Central Intelligence Agency(KCIA). The chair of the committee was the prime minister. This committee has been established during the military rule to respond to labor movements.

²⁵ Press document released by the Bureau of Industrial Policy in the Ministry of Commerce on Feb. 10, 1990.

Second, it selectively intervened in labor-management relations, and applied repressive measures to stop strikes in strategic industries. 261 strategic firms were selected to guide wage bargaining.

Third, an ideological attack was launched to demoralize the militant union leaders of the major industries, by sending them to the state socialist countries like China and Eastern Europe suffering from low standard of living and economic recession. Instead of mobilizing anti-communist ideology, the regime utilized the socialist state at the brink of collapse to discourage radical labor activists.

During the 6th Republic, big Korean capitalists, having become multinational conglomerates, began to criticize the ambivalent and reserved role of the state in labor disputes. They demanded harsher control of the worker's strikes by the state as before. The most dramatic capitalist reaction against the government was the declaration of the presidential candidacy of Jung Joo-Young, the chairman of the Hyundai groups and chairman of the National Businessman Association in 1992. He criticized the ruling government and the former military regime as a corrupt 'rent seeker', revealing that hundred billion won of political funds had been coerced by the regime. He also criticized state intervention in the economy, suggesting that the government bureaucrats did not know the economy and repressed the creative role of the businessmen.²⁶ For the first time in modern Korean history, this represented a direct attack on the developmental state from representatives of the capitalist class. However, Chung Joo-Young failed to get enough votes to win the election and the tension between the ruling party and big business underwent a harsh round after that.

Civilian Government and Power of Capital

In 1992, newly elected president, Kim Young Sam, initiated a political reform to consolidate his political power basis. Kim Young Sam, a former political opponent who had become the candidate of the ruling party after the three party merger, tried to differentiate himself from the ex-military president, Roh Tae Woo, for two reasons. First, he wanted to show that the previous alliance with Roh Tae Woo was not based on his personal desire to be president. Second, he needed to control the DLP. Because the majority of the DLP were former members of the DJP, his leadership within the DLP was weak even after he won the election. Declaring the slogan 'New Korea', he launched

²⁶ During the election campaign, Chung Joo-Young said that the Korean economy would be three times stronger if he was the president. He also declared that he could make Korea become an advanced country as he made Hyundai company a world company.

a massive cleanup drive in order to differentiate himself from Roh Tae Woo and get rid of political rivals within the DLP.

Even though Kim's anti-corruption drive aimed at consolidating his power, it was comprehensive, at the beginning, including the National Assembly, government, business, police and military. Almost all capitalists could be affected by the purge, since the corruption of politicians was directly associated with the business world. During the period of military rule, there had been a paternalistic relationship between the regime and the businessmen, based on favoritism and bribery. Now, several business tycoons, including Chung Joo-Young, chairman of the Hyundai group, and Park Tai-Joon, chairman of Pohang Iron and Steel Co.(POSCO), were purged.²⁷

Kim Young Sam also appointed former political dissidents as cabinet members. He named Lee In-Je, a former human right lawyer, as minister of labour. Minister Lee tried to reform the authoritarian labour laws and industrial relations in favour of the workers. He launched the 'new labour policy' by which the state attempted to correct the previous unjust policy skewed towards employers. There were several changes in the administrative practices of the Ministry of Labour including wage policy and labour relations policy. He also promised to revise the repressive labour laws during the first reform period.

Under the hostile business environment in the first phase of Kim's rule, Korean capitalists began to exercise their power by inaction and action. First of all, they reduced new capital investment. The Chaebols refrained from facility investments or ventures into new business during the reform period. As we can see in <Table 2>, facility investment, an index of the future economic condition, decreased by 3.1 percent in the second quarter of 1992. It further dropped by 6.3 percent and 4.9 percent in the third and fourth quarter respectively. New investment for machinery also decreased by 3.1 percent in the second quarter. It plunged by 10.2 percent in the third quarter and by 12.4 percent in the fourth quarter in 1992, which was the lowest level during the last two decades in Korean economic history. Amidst capitalist sabotage, Choi Jong-hyon, chairman of the Federation of Korean Industries and owner of the Sunkyung business group, seriously warned the state by saying that "the economy may further plunge into negative growth during the first half of this year if the current situation continues," (Korea Times, 4 May, 1992). Korean capitalists understood that if the state did not guarantee a good business climate, the rate

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Chung Joo-Young, the founder of Hyundai, South Korea's biggest conglomerate, who ran as presidential candidate against Kim Young Sam, was sentenced to a suspended three-year prison term for infringing the campaign-finance laws. His companies were refused permission to raise capital on the international bond market. Park Tae-Joon, the founder of Pohang Steel Company, the second largest steel company in the world, competed for the 1992 presidential candidacy of the LDP with Kim Young Sam. After Kim won the presidential election in December 1992, Park fled to Japan to avoid repression. The lists of purged businessmen included Kim Woo Joong, the chairman of Daewoo group, and Kim Seoung Hyun, the chairman of Donga group.

of investment would decline. They also knew that as the economy would get worse, and the state would lose popular support.

Table 2: Percentage Change from the Same Period of the Previous Year

Period	GDP	Total Consump.	Private Consump.	Govern. Consump.	Gross Fix. Inv.	Machine Invest.	Construct Invest.
1991	9.1	9.3	9.5	8.7	12.6	12.1	13.0
1992	5.1	6.8	6.6	7.6	-0.8	-1.1	-0.6
1993	5.8	5.3	5.7	2.9	3.6	0.2	5.8
1994p	8.4	5.3	5.7	2.9	3.6	0.2	5.8
1992 I	8.1	8.3	8.5	7.2	8.5	8.9	8.2
II	6.4	7.3	7.2	8.3	-0.1	1.8	-1.3
III	3.6	6.0	5.5	8.8	-3.1	-3.1	-3.1
IV	3.0	5.7	5.6	6.4	-6.3	-10.2	-3.8
1993 I	4.1	5.4	5.6	4.8	-4.9	-12.4	1.1
II	4.9	5.0	5.1	4.5	2.6	-1.2	5.2
III	6.9	5.1	5.8	1.5	10.1	4.8	13.4
IV	6.7	5.4	6.2	1.9	12.2	8.7	14.4
1994 Ip	8.9	6.2	6.8	2.9	13.1	20.9	7.6
Iip	7.6	7.1	7.1	4.5	7.7	16.8	2.2
IIip	7.6	7.2	7.5	5.2	10.8	24.3	2.8
IVp	9.3	7.3	7.8	4.9	15.3	30.6	6.3

Note: p refers to the preliminary estimates.

Source: Korea Development Institute, Major Indicators of the Korean Economy (1995), p.8.

Starting with high expectation of economic growth and democratization, the Kim Young Sam's government pursued the 100 day special plan to show its capability and governability. The capitalist collective actions - disinvestment of capital and confrontational strategy against labour - frustrated the ambitious but naive reform of 1993. Kim Young Sam, worried about the economic recession, ordered cabinet members to initiate economic and labour policies in order to boost capitalist facility investment.²⁸ However, as the level of business confidence further declined, he himself invited major leaders of the 'Chaebols' to the Blue House and demanded that they invest actively, promising to enhance business confidence. After four months of reform politics, Kim's economic policy altered to mollify business tycoons. Capitalists' inaction exercised such a strong pressure on Kim's government that it stopped the reform politics entirely. At the end of 1993 Kim initiated a new political campaign, called <internationalization>, as a second stage of reform which

²⁸ This is a structural dependence of the state on capital in a dynamic sense in capitalism. See more rigorous argument, Przeworski and Wallerstein(1989).

aimed at enhancing the competitiveness of Korean products on the international market and improvement of government services. The main principle of <internationalization>, in fact, was liberalization which included privatization of state enterprises and removal of regulations on business, which was the major demand of the Chaebols. The second stage of reform was the 'reverse course'. 'The reverse course' of state policies confirms the fact that the real power resources of the capitalist was the ownership of the means of production. As Block(1979: 133-135) already has suggested, capitalists could constrain the state policies through collective inactions as well as collective actions.

As labour disputes did not decrease, capitalist organizations took action to impose their interests in policy making. The Korean Management Association(KMA) began to criticize the 'new labour policy' of Labour Minister Lee, by arguing that the policy contributed to the increase of labour unrest and disorder at the workplace. The Chaebols organized massive campaigns to expel Minister Lee from the cabinet. The strike in the Hyundai Motor Company, which occurred again in May 1993, was the test case for the new labour policy. Minister Lee tried to resolve the industrial dispute between management and the union without government intervention. However, the managers refused to make concessions. The strike lasted more than two months and significantly affected the national economy. Korean capitalists considered the case as a springboard to redirect the reform. Also conservative forces within the government, former state managers of the Fifth and Sixth Republics, exploited the Hyundai strike for their own interests in order to resist reform. Finally, to break the stalemate, the riot police again attacked workers on strike and dissolved the collective action of the workers. Eventually Lee was dismissed from his position. New Labour Minister Nam Jae-hui, a conservative politician who served in the Fifth and Sixth Republics, reintroduced 'forced arbitration' which was abused by the Sixth Republic to destroy the workers' movement. Kim's regime also announced the postponement of the revision of the oppressive labour relations law.

Western type party politics based on social classes has not developed in Korea. However, we might observe state policies specific to social classes. Economic and labour policies reveal their class nature in the sense that there are clear-cut social class divisions with respect to the costs and benefits of the various policies. Democratization in Korea included the reform of the authoritarian rules which benefited the privileged class for the past three decades. The democratic transition without reform ends up with a neo-liberal regime which accentuates market competition and privatization and maintains oppressive labour policy.

Democratic Consolidation or New Authoritarianism?

Democratic transition is different from democratic consolidation in the sense that the former might end up with introducing the new authoritarian regime. Democratic transition refers to the process of the democratization. Final outcome of the process is undecided. One of the keys to democratic consolidation is to "institutionalize uncertainty" so that uncertainty itself does not hamper the durability of a new regime (Przeworski, 1991, 24). How to institutionalize uncertainty is another key issue of the democratic consolidation. Democratic consolidation refers to the evolution by which democracy becomes the rule of the game. That is, actors engaged in political transition consider the current rules of the game as the best way to achieve their goals and interest groups who resisted political transition, for example the military, give up any attempts to block democratization. On the one hand, it involves institutional reform that guarantees human rights and full citizenship as well as people's participation in politics. On the other hand, it includes a check and balance system of power, giving independent power to the parliament and to the judiciary.

Failure of democratic consolidation has led to neo-authoritarianism which can revive authoritarian rules in a different form. When political elites are able to unilaterally impose their will, as researchers (for example, Petras and Vieux, 1995; Alimonda, 1995) have observed in Latin America, democratic transition ends up with an authoritarian electoral regime. The new hegemony of the capitalist class under the civilian government seriously limits the workings of democratization. In Korea, there has been no tradition of corporatism which might develop the rules and customs of bargaining and negotiation between conflicting social forces. The stubbornness of the authoritarian capitalists, supported by the civilian state, is threatening the democratic rules of the game based on bargaining and negotiation between opposing groups. To the extent that reform leading to institutionalization of new rules of the game is accepted as normal and legitimate, democratic transition can generate democratic consolidation in Korea. However, the disrupted reform during Kim's government suggests that there is a possibility of limited democracy or a new type of authoritarianism.

There are two reasons why restoration of old rules by the civilian government endangered the development of stable democracy in Korea. First, the reform did not last long enough to transform an authoritarianism so as to give the reform inertia. The short-lived reform from above only contributed to centralization of political power under the president. Kim's regime could purge political opponents within the ruling bloc as well as within the opposition bloc. Although the reform was partly successful in purging the corrupt politicians and high rank officials in the Fifth and Sixth Republics, it failed to change the authoritarian institutional structure and rules. In purging the corrupt politicians and intimidating political opponents, Kim himself utilized the

KCIA, which represented the repressive state apparatus of the old military dictatorship. The National Security Law, which empowered the state with unlimited authority to repress political opponents and anti-government social groups in the past, still remains as a 'sacred rule' to crush the democratic opposition movements. As a legacy of military rule, unlimited and personalized political authority by the president deprived of feedback or control mechanism, could lead to "delegative democracy", i.e., a populist democracy ignoring intermediate institutions such as parliament and judiciary.²⁹

Party politics which is the key in parliamentary democracy is underdeveloped in Korea. Political leaders have personalized political parties for more than three decades. We observe that party organizations themselves are unstable and unpredictable. The average life expectancy of Korean parties is less than four years. Political parties have been created and demolished by political strategies of other major political leaders, or they have been considered as organizational strategies to expand political power of political figures. It is difficult to expect stable democracy without stable political parties. Thus, the president alone is able to control both the National Assembly and government organizations in Korea. There is always a possibility of delegative democracy because of the underdevelopment of political parties and parliament system.

Conclusion

In Korea democratization of the developmental state was initiated by political opposition largely based in civil society. Although the working class contributed to the weakening of the authoritarian regime, major actors in the initial phase of democratization were social groups in civil society. However, as the major battle field for democratization moved from streets to political institutions, political parties played a key role in shaping the outcome of democratization.

Workers, suffering from low wages and long working hours under authoritarian management, utilized the democratic transition to express their demands. However, workers did not have political leverage to insert their interests into institutional politics because they did not have political organizations or even organizational networks with political parties. In contrast, capitalists could express their power by capital strikes against the civilian government's reform policy. Capitalists succeeded in reversing the reform policy. The civilian government, worried about a possible economic recession, tried to give more autonomy to big capitalists in the name of 'internationalization' and 'globalization.' Big capitalists, suffering from the loss of hegemony

²⁹ O'Donnell(1994) insists that in delegative democracies the elected presidents govern as the 'savior of the nation' above parliamentary, judicial, and party controls. Fernando Collor's regime in Brazil and Carlos Menem's regime in Argentina are good examples of delegative democracies in Third World political transition.

due to the coalition with the military regime for three decades, regained their hegemony under the civilian government. Consequently, the political transition to democracy changed the balance of power between capital and the state towards capital with the tendency of the neo-liberal state replacing the developmental state.

However, the workers, having succeeded in establishing strong unions in the strategic industries, also revealed harder resistance against the state and capital. Especially workers in the enterprises in the Chaebol groups could exercise their muscles based on the support from rank and file. Persistent labor repression by the neo-authoritarian state and capital has been a major cause of militant labor unrests in the past five years. Although workers could not build a nationwide political organization and independent confederation of unions, they succeeded in making trenches in the big enterprises. Workers do not have other ways to express protest than by strikes, because the transition to democracy in Korea has not improved worker's rights and dignity.

There has been different constraints on actors stemming from the changing political and economic environment. International as well as domestic factors affected the course of democratization in Korea. While the Olympics in 1988 weakened the ruling bloc by restricting political options for the ruling bloc, the collapse of Eastern Europe in 1989 helped the ruling bloc to maintain its hegemony. The collapse of state socialism in Eastern Europe, which took place during the period of democratization in Korea, considerably diminished the appeal of the progressive demands from pro-democratic forces and demoralized young union leaders and labor activists. Furthermore, it provided the conservative ruling bloc a good chance to roll back.

Democratization in Korea displays a complex process of class politics and the structural basis of capitalist class power. A short-lived reform by Kim's government ended up with electoral authoritarianism or delegative democracy, only reinforcing capitalist hegemony. Lack of working class political organization limited the effectiveness of working class struggle during the transition to democracy. Controlled reform by the ruling bloc contributed to the conservative democratization which did not give workers even basic rights. In short, in Korea, the actual outcome of democratization is conservative and the process of democratic reform was authoritarian. However, conservative and delegative democracy experienced continuous challenges from the working class and the left. The democratic transition is not a completed procedure but an ongoing process through which class struggle becomes more visible and the capitalist nature of the state becomes more eminent. The disillusionment of authoritarian democracy continues to be a source of contradiction and social conflict.

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